

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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**FISCAL IMPACT STATEMENT**

**LS 6201**

**BILL NUMBER:** HB 1108

**NOTE PREPARED:** Jan 22, 2004

**BILL AMENDED:**

**SUBJECT:** Attorney's Fees in Medicaid Lien Collection Cases.

**FIRST AUTHOR:** Rep. Ulmer

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FIRST SPONSOR:**

**FUNDS AFFECTED:** ☒ **GENERAL**  
**DEDICATED**  
☒ **FEDERAL**

**IMPACT:** State

STATE IMPACT	FY 2004	FY 2005	FY 2006
State Revenues			
State Expenditures		93,000	93,000
Net Increase (Decrease)		(93,000)	(93,000)

**Summary of Legislation:** This bill increases the amount of attorney's fees the Office of Medicaid Policy and Planning pays in Medicaid lien collection cases.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** This bill increases the percentage of subrogation lien recoveries that is required to be paid for attorneys' fees. FSSA reports that this change applies to the fees paid for personal injury lawsuits and settlements. It does not apply to estate recovery or liens against real property. Increasing the attorneys' fees would reduce the amount of the recoveries that would be available to refund the Medicaid Program. The annual impact on the state General Fund is estimated to be \$93,000 in additional expenditures for attorneys' fees.

*Background Information:* The Office of Medicaid Policy and Planning reported gross lien amounts of about \$1.3 M in FY 2002. The attorneys' fees due on these gross lien amounts under the rates provided in current statute would be about \$149,000, while the amount for attorneys' fees under the rates provided in this bill would be \$393,000, an increase of \$244,000. The additional attorney expense will reduce the total amount

of recovery of expenditures to Medicaid. The Medicaid Program is jointly funded by the state and federal governments. The state share of the expenditures and any subsequent refunds of expenditures is approximately 38%. Thus, the additional expenditures for attorneys' fees would equal about \$93,000 annually.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Office of Medicaid Policy and Planning, Family and Social Services Administration.

**Local Agencies Affected:**

**Information Sources:** Donna Stoltz Sembroski, Staff Attorney, Family and Social Services Administration, (317) 232-1282.

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